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business flying

NATIONAL
BUSINESS AIRCRAFT
ASSOCIATION, INC.

1985—Section I

A Successful Team:
Fortune 500
& Business Aircraft

Fortune Composite Comparison

Companies	363	137
Employees	12,424,701	1,628,024
Sales (×1,000)	$1,535,097,514	$151,600,033
Assets (×1,000)	$1,242,822,582	$111,072,691
Net Income (×1,000)	$63,078,178	$5,709,752
Stockholders' Equity (×1,000)	$579,152,948	$52,526,856
Net Income as Percent of Sales	4.1	3.8
Net income as Percent of Stockholders Equity	10.9	10.9
Sales Per Employee	$123,552	$93,119
Assets Per Employee	$100,028	$68,226
Net Income Per Employee	$5,077	$3,507
Total Aircraft	1,798	

Source: Aviation Data Service, Inc.

The year 1983 was a turnaround year. The economic scales went from low low in the beginning of the year to accelerated growth by year's end. The dip in total fleet for the whole year represents the lag in aircraft purchases.

Fortune 500 Operators and Fleet Reduced in 1983

Summary

Most of the leading industrial companies in the United States continue to operate business aircraft. Of the 500 largest publicly-held corporations in the United States, 363 operate one or more business aircraft, down 10 from 1982, the previous year's total of 373 companies. Value of the fleet now totals $3.99 billion, down from $4.11 billion in 1982.

During the 1983 calendar year, both the number of companies operating business aircraft and the total fleet size were down from the previous year. Fleet size fell 179 units from 1,977 to 1,798 over the same time period, a decrease of 9.1 percent. The average number of aircraft per company was also down from 5.30 in 1982 to 4.95 in 1983.

On the financial side, aircraft operating companies continue to dominate the *Fortune* statistics. They accounted for 91 percent of the net income, 92 percent of the assets, 92 percent of stockholders' equity, and 89 percent of the total employees. They represented a wide variety of aircraft, ranging from single-engine pistons up to and including large air carrier types. Average unit value, i.e., the *Fortune* 500 fleet value divided by the number of units, increased 6.5 percent, from $2,080,000 to $2,224,000 even though the total fleet value dropped almost three percent.

Annual Analysis

The 500 largest industrials are identified by *Fortune* magazine, and the economic performance is reported in the May issue of the magazine each year. Information on companies operating business aircraft and the specifications associated with these companies are an outgrowth of a study done annually by Aviation Data Service (AvData), Wichita, Kansas.

There were 13 newcomers to the *Fortune* listing during 1983 and they brought 28 aircraft into the compilation. Four companies that were shown as non-operators in 1982 acquired aircraft in 1983. In addition, existing *Fortune* 500 companies acquired 201 new or used aircraft during the year. On the other hand, 14 companies with 49 aircraft dropped out of the top 500. Eleven companies sold their aircraft during the year and were no longer operators. Three hundred forty-eight aircraft flown by existing operators were either lost from service or sold. Five operating companies were absorbed into larger corporations, causing a net loss of ten operating companies.

By comparison, NBAA member companies increased by 101 from 2,655 to 2,756 in 1983.

Business Results

The value of corporate ownership of business aircraft is difficult to quantitatively assess. The operation of these aircraft is a key factor in the undeniable advantage which aircraft operating companies enjoy over their non-operating competitors.

Operators outnumber non-operators by a ratio of 2.6 to 1, or 363 versus 127. Net sales of aircraft operating companies totaled $1.535 trillion, over ten times that of non-operating *Fortune* 500 companies. Corporate assets for these same operators were 1.242 trillion, or over eleven times those of non-operators. Both net income ($63 billion) and stockholders' equity ($579 billion) for operators were also eleven times that of their non-operating competition.

One-On-One

Given the greater numbers of operators within the *Fortune* 500, these statistics need to be examined on an average basis — one on one — operators versus non-operators.

In sales, the average operating company had a net sales income of $4.228 billion versus $1.102 billion for non-operators — almost four times the amount. Other financial indicators show the same type of difference: $3.421 billion in assets for the average operator against $810 million for non-operators, $1.595 billion against $383 million in average stockholders' equity, and $174 million as opposed to $42 million in net income, all showing a ratio of better than four to one in favor of the aircraft operators.

With respect to net income as a percentage of sales, both aircraft operators and non-operators experienced an increase over calendar 1982, with operators moving from 3.8 percent to 4.1 percent and non-operators showing an even greater relative improvement from 2.0 percent to 3.8 percent.

In terms of sales per employee and assets per employee, the operating companies again bettered the non-operators by 25 percent and 32 percent respectively. When measuring net income per employee, the aircraft operators came out ahead by a margin of 31 percent.

Fortune 500 Fleet

Airplanes				
Multi-Engine	0	3	110	113
Single-Engine	137	5	3	145
Twin-Engine	141	362	831	1,334
Sub-Total	278	370	944	1,592
Helicopters				
Single-Engine	12	111	0	123
Twin-Engine	0	83	0	83
Sub-Total	12	194	0	206
Grand Total	**290**	**564**	**944**	**1,798**

Source: Aviation Data Service, Inc.

For the first time in a number of years, the total fleet of the *Fortune* 500 operating companies was down from the previous year's total. The drop from 1,977 to 1,798 units represented a decline of 9.1 percent.

Companies by Class

Mining, Crude Oil Production	10	0	10
Food	36	20	56
Tobacco	2	1	3
Textiles, Vinyl Flooring	7	3	10
Apparel	10	2	12
Furniture	0	1	1
Paper, Fiber & Wood Products	24	5	29
Publishing, Printing	12	7	19
Chemicals	26	17	43
Petroleum Refining	30	6	36
Rubber, Plastic Products	8	3	11
Leather	0	1	1
Glass, Concrete, Abrasives, Gyps	14	2	16
Metal Manufacturing	19	7	26
Metal Products	15	6	21
Electronic Appliances	32	15	47
Shipbldg. RR & Transport Equip.	6	3	9
Measuring, Scientific, Photo Equip.	9	7	16
Motor Vehicles	12	3	15
Aerospace	15	2	17
Pharmaceuticals	15	5	20
Soaps, Cosmetics	6	3	9
Office Equipment (Computers)	9	9	18
Industrial & Farm Equipment	35	3	38
Musical Instr, Toys, Sport Gds.	3	2	5
Beverages	8	4	12
Total	**363**	**137**	**500**

Source: Aviation Data Service, Inc.

Leading Standard Industrial Classification [SIC] categories are food, petroleum, electronic appliances and industrial and farm equipment.

SIC Categories

Among 28 categories of Standard Industrial Classifications of those companies that operate business aircraft, certain categories stand out. The largest number of aircraft operating companies are found in the food processing group which total 36, or almost 10 percent of the total number of aircraft operating companies in the *Fortune* 500. The industrial and farm equipment group is second with 35 aircraft operating companies, followed by electronic appliances, with 32. The only classification in which all companies are aircraft operators is mining and crude oil production. Industrial and farm equipment is second, with better than 92 percent of these companies falling into the aircraft operating category.

Companies in food processing make up 11.2 percent of all *Fortune* 500 companies. They represent almost 10 percent of all aircraft operating companies, but only 6.2 percent of the entire fleet. Petroleum Refiners, constituting 7.2 percent of the *Fortune* companies, and 8.2 percent of the aircraft operators, represent 18.1 percent of the aircraft fleet.

Terms of Employment

Fortune 500 companies which operate aircraft once again completely outpaced non-operating companies in total employment during 1983 — 12.4 million versus 1.6 million, or 88.4 percent of the total 14 million employees.

Recent recessionary years have had their impact on both operating and non-operating companies. Total employment by all *Fortune* 500 companies was down slightly in 1983, although not as dramatically as has been the case in recent years. Employment among operators was down about 2.4 percent over the past year, while the employment figure for non-operators was virtually unchanged.

Sales Per Employee

Statistics show that the average sales per employee for the aircraft operating companies was $123,552, or 33 percent better than the average for companies without aircraft.

Net Income Per Employee

In terms of net income per employee, the difference between the two groups was very pronounced. Employees of aircraft operators averaged $5,076 each in net income for their companies, 45 percent better than those of non-operating companies.

Eighty-five companies, 23 percent, operate only one business aircraft. Better than half of the operating companies (57 percent) have three or more aircraft. Twelve companies operate 20 or more aircraft, with the largest single fleet being 47.

Average Employees Per Company

	Aircraft		Non-aircraft	
1983	34,228	0.43	11,883	– 6.40
1982	34,166	–8.33	12,722	–11.49
1981	37,269	–2.69	14,374	3.15
1980	38,298	–3.72	13,935	2.70
1979	39,777	1.21	13,569	0.28
Average Change Over Last 5 Years		–2.62		–2.35

Source: Aviation Data Service, Inc.

The average change in employment over the past five years is similar for aircraft operators and non-operators, but the non-aircraft operators had a smaller percentage loss than aircraft operators.

Comparative Fleet Size

Number of Aircraft	Number of Companies
1	85
2	70
3	55
4	33
5	17
6	23
7	17
8	6
9	7
10	15
11	3
12	4
13	3
14	5
15	3
16	3
17	2
22	3
23	1
24	1
27	1
28	2
32	1
34	1
47	2
1,798	**363**

Source: Aviation Data Service, Inc.

		Dollar Value (000)
Single Engine (SE) =	137	5,500.8
Light Piston Twin (LPT) =	96	9,160.6
Pressurized Piston Twin (PPT) =	29	4,625.7
Heavy Piston Twin (HPT) =	17	1,015.7
Light Turboprop (LTP) =	288	221,900.5
Heavy Turboprop (HTP) =	81	81,939.8
Light Jet (LJ) =	49	32,462.1
Medium Jet (MJ) =	589	1,225,190.3
Heavy Jet (HJ) =	306	2,293,510.3
Piston Helicopter (PH) =	12	487.4
Turbine Helicopter (TH) =	111	24,590.3
Twin Turbine Helicopter (TTH) =	83	99,084.9
Totals	**1,798**	**$3,999,468.4**

Source: Aviation Data Service, Inc.

Medium sized jets lead in quantity with 589 but the dollar value of heavy jets was almost double that of medium jets.

Units Operated

Among thirteen aircraft categories, only three experienced an actual increase in the number of units operated: heavy jets, from 302 to 306, up 1.4 percent; heavy turboprops, from 79 to 81, up 2.5 percent; and piston helicopters, from 9 to 12, up 25 percent. All other categories of aircraft declined in actual units, with light turboprops leading the fall, totaling 44 fewer units in 1983 than in 1982. The greatest percentage decrease was to be found in pressurized piston twins, which were down 23.7 percent (38 to 29 units), followed by turbine helicopters, which were off 22.4 percent (143 to 111 units).

Percentage of Total Fleet

Medium jets continue to account for the largest percentage of the fleet, 32.8 percent, even though they dropped in number from 620 to 589. This marks the tenth consecutive year that medium jets have constituted the largest single aircraft type in the *Fortune* fleet. Heavy jets have moved into second place with 17 percent of the total, while light turboprops have slipped to third position with 16 percent. Twin turbine helicopters, which have shown strong growth since 1980, declined slightly to 4.6 percent.

Fleet Composition

Turbofan/turbojet aircraft outnumber all other types among the top 200 industrials, while, with the exception of medium jets, turboprops and lighter aircraft are most popular with 201 to 500 classification. For guidance, the 200th company, Central Soya, had sales of $1.7 billion.

When you take the top 200 industrials, they account for 78.1 percent of the single pistons, 59.2 percent of the twin pistons, 59 percent of the turboprops, 75.5 percent of the turbojets/turbofans, and 92.3 percent of the helicopters.

Popularity Contest

Competition among the airframe manufacturers remains intense as each tries to increase its share of the *Fortune* fleet. Cessna leads the field in number of units with 263 (14.6 percent of the total fleet), followed by Beech with 250 units (13.9 percent) and Gulfstream with 228 (12.7 percent). Among helicopter manufacturers, Bell dominates the field with 117 units, 6.5 percent of the total *Fortune* fleet, but 56.8 percent of the helicopters.

In terms of the number of companies operating aircraft from the different manufacturers, Beech leads with 137 companies operating their aircraft. Cessna follows with 126 companies, with Gulfstream tallying 110 companies.

The single most popular model is the King Air 200, with 114 units operated by 79 companies. Gulfstream's GII is second, with 105 units operated by 74 companies, followed by Falcon Jet with 82 units operated by 53 companies.

Gulfstream was by far the leader in dollar value with $1.942 billion, followed by Falcon Jet with $621 million. Six manufacturers were bunched in third

Average Year of Manufacture

Jets	1976	1975
Turboprops	1974	1974
Pistons	1971	1971
Turbine Helicopters	1977	1976
Piston Helicopters	1969	1970

Source: Aviation Data Service, Inc.

The average year of manufacture increased by one for jets and turbine helicopters, remained the same for turboprops and piston powered aircraft and actually declined for piston helicopters.

through eighth positions: Canadair — $290 million; Gates Learjet — $263 million; Sabreliner — $230 million; Cessna — $186 million; Lockheed — $168 million; Beech — $163 million. Bringing up the rear in the top ten were Swearingen, with $22 million, and Piper, with $20 million. Bell led the way among helicopter manufacturers with $39 million.

All in all, there are 163 different models of aircraft contained in the *Fortune* fleet produced by 47 manufacturers. Seven manufacturers, Beech, Bell, Cessna, Falcon Jet, Gulfstream, Gates Learjet, and Sabreliner, account for 70.5 percent of the total 1983 fleet.

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NATIONAL
BUSINESS AIRCRAFT
ASSOCIATION, INC.

1200 Eighteenth Street NW
Washington, DC 20036
202/783-9000
Telex: 904186

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international business
aviation council, ltd.

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